

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1046 - SB 1103

March 10, 2015

SUMMARY OF BILL: Mandates that all firearms forfeited or abandoned to or received by any law enforcement agency of the state or a political subdivision of the state, including the Tennessee Wildlife Resources Agency (TWRA), or firearms otherwise acquired and no longer needed by the state or a political subdivision of the state, to be disposed in the manner set forth by the bill. Prior to the disposal of any firearm, the applicable agency with custody or possession of the firearm must use best efforts to determine if the firearm has been lost by, or stolen, or otherwise unlawfully obtained from an innocent owner, and if so, the agency must return the firearm to the owner, if ascertainable, unless that person is ineligible to possess, receive, or purchase a firearm under state or federal law. The applicable agency must dispose of any such firearms it receives by sale at public auction to persons licensed as firearms collectors, dealers, importers, or manufacturers who are authorized to receive such firearms. The auctions may occur online on a rolling basis or at live events, but in no event may an auction occur less frequently than once every six months during any time the agency has an inventory of saleable firearms. The agency will retain only such proceeds as are necessary to cover the costs of administering the provisions of this bill, with any surplus to be transferred to the state general fund, or applicable local general fund of a local agency; provided, that an agency may be reimbursed for any firearms formerly in use by the agency that are sold under this bill. Requires all agencies to keep records of the firearms acquired and disposed of pursuant to this bill, as well as the proceeds of the sales and the disbursement of proceeds, and to maintain these records for not less than 10 years from the date on which a firearm is disposed of or on which a disbursement of funds is made.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$44,000/General Fund

Decrease State Revenue - \$36,000/Wildlife Resources Fund

Increase State Expenditures- \$8,000/Department of Safety

Decrease Local Revenue – Exceeds \$100,000

Other Fiscal Impact – Potential reduction of federal funding to the Tennessee Wildlife Resources Agency pursuant to the federal Pittman-Robertson Wildlife Restoration Act.

Assumptions:

- Under present law, law enforcement agencies may petition the criminal court or the court in the official's county having criminal jurisdiction for permission to exchange firearms that have previously been properly titled to the law enforcement agency or the drug task force for other firearms, ammunition, or body armor suitable for use by the law enforcement agency or drug task force. The exchange must take place with a licensed and qualified law enforcement firearms dealer.
- According to TWRA, the agency generates approximately \$40,000 per year under current law from the sale of confiscated firearms. TWRA indicates that the firearms are currently sold through the Department of General Services, which retains approximately \$6,000 to cover costs incurred; the TWRA receives the remaining \$36,000. Under the provisions of this bill, it is assumed TWRA will continue to sell approximately \$40,000 worth of firearms. The costs incurred as a result of conducting the required auctions are estimated to be \$6,000. As a result, the sales are estimated to produce a profit of \$36,000, which will be allocated to the General Fund, rather than retained by TWRA.
- TWRA also reports that the bill will likely call in to jeopardy the department's ability to receive continuous federal funding pursuant to the Pittman-Robertson Wildlife Restoration Act codified under 50 CFR § Part 80. FY13-14 federal funding for the TWRA totaled \$26,002,731.
- According to the Department of Safety (DOS), the department does occasionally trade confiscated guns for service goods. DOS indicates the last trade was in 2011 with a total value of an estimated \$40,000. DOS has a variable firearms trading schedule, but it is estimated to total \$8,000 on an annualized basis. Without the ability to trade for approximately \$8,000 worth of firearms, the department will have to purchase firearms that would have otherwise been traded for. Therefore, the recurring increase in state expenditures for DOS is estimated to be \$8,000.
- Based on information provided by the Tennessee Bureau of Investigation (TBI), revenue from any forthcoming sale is anticipated to cover all expenses associated with any sale. Therefore, no fiscal impact as a result of sales conducted by TBI.
- The Tennessee Association of Chiefs of Police (TACP) reports the bill will have a significant impact to local law enforcement agencies. TACP estimates the bill will eliminate their ability to trade confiscated firearms for fair market value; instead local departments will be forced to receive a lower, variable auction price under the provisions of the bill. Based on information provided by TACP, the net recurring decrease in local revenue is reasonably estimated to exceed \$100,000 per year statewide..

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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